G. R. S. IX-5]

*Previous references.*

**File No.** 18/96

**191**

**Serial Nos.** 9, 11, 14+21

( Banking )

*Later references.*

Sls 23, 24 of the same file

and Bg. 24/1902-03 (1-b.B)

B. 18-96 (15, 17-20, 22)

B. 3-07-17

B. 3-07-(10+11)

# GENERAL AND REVENUE SECRETARIAT.

---

*Serial Nos.*

**Part B for**

---

SUBJECT.

Advance for up-keep of the Coffee-Estate mortgaged to the Agricultural Bank at Sakleshpur

---

Table of Contents

1. No. 9. No 619 of $\frac{14}{22}$ nd June 1902. From the Deputy Commissioner, Hassan District

Submits a report on the Condition of the Agricultural Bank at Sakleshpur and recommends the grant of an additional loan of a lakh of rupees for reasons given.

Sl. No 11. No. R 41 of 3/7/102 To the same officer

Calls for Mr. Ramaswami Ayengar's private Memo. on inspection

W D 88—GPB—50,000—24-7-16

D. no 44 No $\frac{49}{5}$ of $\frac{16}{17}$ th July 1902

From the Dy C Hassan

Forwards Mr. Ramaswami Ayyangar's pointed memo of Inspection, called for on the above

D. No. 21. No 2407-10 of 28th Nov. 1902

To The Dy C Kadur
" " Hassan
To The Comptroller
Inspector of Agricultural Banks in Mysore

Sanctions an advance of Rs 60000 and Rs 50000 for the up-keep of the Chickmagalur and Saklespur Agricultural Banks respectively the appointment of an officer called the Inspector of Coffee Estates to secure expert advice and inspection and certain annexed rules set forth, as a tentative measure, to secure the efficient working of the Estates.

(11

**Note.**

The so-called Agricultural Banks at Chikmaglur and Saklespur, have unfortunately proved most disappointing, the reasons, as I understand the situation, being

(1) Adverse seasons,

(2) Depression of the coffee industry and

(3) The predominance and all-power-fulness of certain members with small means but great pushforward-ness if I may be allowed to use the expression.

It was, I am afraid, a mistake to have recognized and subsidized these institutions as Agricultural Banks which in realit they do not seem to be.

The scheme which is an excellent one in every way has almost been discredited by these two institutions which have swallowed up fully one half of the money lent by us to Agricultural Banks in the State. Let us recede in as safe a manner as possible from the false position which we, under a misapprehension, took in regard to these two Banks.

These Banks have been shewn every possible consideration and yet they have not even paid us all the interest due by them ,let alone the principal regarding the repayment of which by annual in-

already issued definite orders

instalments we have been able to make satisfactory arrangements with every other Agricultural Bank in the State.

United credit, and communal cooperation cannot reasonably be expected from Banks of this description and as thus constituted. Some of the members are impecunious, ambitious and go-ahead while the others are fairly well to do but ignorant and accomodating. Hence the present trouble which is much to be deplored and which calls for an early remedy.

It seems to me desirable that these Banks should be wound up as quickly as possible and that such measures as may be possible should be devised for the recovery from their members of the moneys lent to them. Let us get the Banks to dissolve themselves voluntarily and fortify ourselves with documents from each individual member thereof, the security being the same as that tendered to the Banks, personal or property or both. This proposal is not likely to find favor with some of the members who have much to gain by a continuance of the present state of affairs, while the others would jump at it as a means of escape from their present somewhat peril-

D

Then I have since ascertained would be prejudicial to the interests alike of the poor ryot & the members of the Bank - & is not consequently advisable. C.

1/9/02

perilous position. Some pursuasion would of course be necessary, and the Deputy Commissioners concerned will, I think, be able to bring about the desired end but in case any help in this matter from a higher quarter is deemed by them necessary I shall gladly be at their disposal.

To the holders of encumbered Inams and to persons wishing to improve their estates, we have in the past lent large sums of money. But loans of the kind under advertence are under Rules not strictly permissible. Let us however stretch a point since we are ~~nearly~~ merely trying to get back what we have already advanced to the two corporate bodies in question which seem to be going from bad to worse and which, if not at once taken in hand, might lead to the heavy loss to Government of no less a sum then 7 lakhs of rupees.

The appointment of an official receiver seems to be beset with difficulties and I am not therefore in favor of it. The members and estates are so numerous and the opposition and obstruction apprhended are so great that I would rather not adopt this alternative.

There can be no doubt that for more reasons than one the

the estates concerned have considerably deteriorated of late. That being so let us lose no time in securing them as they are and in trying to get back as much of our money as possible without entailing any undue hardship on any of the persons who embarked on this undertaking with the best of intentions but who now find themselves landed in difficulties which are not of their own creation. Every individual loan obligation coupled with the hypothecation of his estate and with the security of his sureties would in my opinion be more beneficial in a case of this kind than the united credit of all members which is admirably adapted to cases of Agricultural Banks proper.

C.

2/5/02

I wrote the above a few months back but took time to consider whether any action should be initiated on the lines thereof. I have since discussed the question of Agricultural Banks generally and of the Coffee Banks in par

Mr. Darling and with
Several Dy Comrs and
Agriculturists (including
Coffee Planters, Europeans
and Natives) -

My opinion is
(1) That the existing
Association requires
modification in certain
respects;
(2) That the Agricultural
Banks Proper - from which
loans of ~~[redacted]~~ exclude
the 2 Coffee Banks -
are on the whole
doing good work;
(3) That the Coffee Banks
deserve liberal treatment
owing to Excessive had
seasons;
(4) That New Banks
should be subsidized ~~[redacted]~~
the existing recovered (about 2 lakhs a year
principal + interest together)
made from the existing advances
ones & the total outstanding at no time exceeding
~ 15 lakhs - (
(5) That the scheme is
an excellent one which
should neither be di-
-credited nor abandoned;
(6) That the Industries
is too small an office to be able
to do much good;
(7) That the Dy Comrs & their Depts including
Agriculture should be kept
entirely ~~[redacted]~~ from local
~ Mr.

(47)

than they have hitherto done

(8) That provision be made to allow the Cotton Cultivators' Co-operative Societies to borrow from the Cotton Banks for a few years such sums of money as in the opinion of a Specialist are necessary for their requirements and can be got back from the crop year after year, the interest chargeable on such loans being 5% per cent instead of the much larger interest which the Planters have now to pay to Mercantile capitalists whereas they receive under the Co-operative

(8) That the Specialist may demand some portion of the interest charged by Government which is 1½ per cent more than that obtained from investments in the Government Securities -

Note. Not obtainable at less valuation

(i)

SECRETARIAT DE L'ÉCOLE

Be handed for making
after the transfer of
"Agricultural Banks"
from my charge. Please
submit the papers for
the orders of the Hon'ble Councillor -

[illegible]
1/9/02

Subject to Secy. [illegible] 1/9/02

The Chief Accountant
Bank file was subd
with secy on 29.8.02.
(file no 117 of 1895).

The sakkles/pro Bank
file no. 100 of 1896.
with the Dept Govt
letters & other
notes with the 2d
Councillors notes -
of 31.8.02 - are
put up with this.

[illegible]
2/9/02

To the Hon'ble Councillor -

[illegible]
3/9/1902

P. 4/9/02 -
431

See my note on
the Chief Accountants Bank file 3/12/8/1902

d/

# Memo

1. Scheme first propounded by Sir K. Seshadri Iyer — October 1894.

2. Banks started —

| year | no. of banks | no. of members | Amount of Government loan sanctioned | |
|---|---|---|---|---|
| 1894-95 | 2 | 35 | 49,000 | |
| 1895-96 | 3 | 110 | 80,000 | Of these 62 banks, 1 (Hanigere in the Doddaballapur Taluk) started in 1897-98 with a Government loan of Rs 8,000 ceased to work in 1898-99. |
| 1896-97 | 17 | 326 | 8,39,000 | |
| 1897-98 | 38 | 863 | 4,83,500 | |
| 1898-99 | 2 | 78 | 43,000 | |
| 1899-00 | - | - | - | |
| 1900-01 | - | - | - | |
| 1901-02 | - | - | - | |
| Total | 62 | 1412 | 14,94,500 | |

The outbreak of Plague in various business centers in the State as well as in surrounding villages affected trade and banking business: 12 new applications were withdrawn and 42 not prosecuted. The granting of new loans was thus suspended since October 1898.

3. Number of members newly admitted by the above banks — 1,902

4. Total No. of members at the end of June 1901, excluding resigned & removed — 2855

5. Deposits —

| year | Amount received | amount withdrawn | Balance at end of the year | |
|---|---|---|---|---|
| 1894-95 | 900 | 900 | " | |
| 1895-96 | 250 | 250 | " | |
| 1896-97 | 1,328 | 724 | 604 | |
| 1897-98 | 13,146 | 9,557 | 4,193 | |
| 1898-99 | 20,435 | 15,118 | 9,510 | |
| 1899-00 | 12,343 | 7,995 | 13,858 | |
| 1900-01 | 10,697 | 9,078 | 15,477 | |
| 1901-02 (approximate) | 10,548 | 8,910 | 17,115 | |
| Total | 69,647 | 52,532 | - | |

6. Business done -

| Year | Amount used by members to liquidate their debts | Amount used by members for agricultural purposes | Principal repaid by members | Interest paid by members to Banks | Establishment and other expenses | Interest paid Government and depositors | Principal repaid to Government |
|---|---|---|---|---|---|---|---|
| 1894-95 | 15,138 | 10,413 | 1,382 | 850 | 280 | 462 | |
| 1895-96 | 53,286 | 17,224 | 21,584 | 2,407 | 486 | 1,827 | |
| 1896-97 | 6,57,012 | 76,115 | 24,430 | 11,558 | 2,366 | 8,138 | 2,000 |
| 1897-98 | 3,55,683 | 2,05,857 | 1,50,381 | 38,801 | 5,887 | 24,983 | 1,502 |
| 1898-99 | 2,11,587 | 1,22,539 | 1,64,776 | 74,616 | 8,009 | 60,246 | 10,857 |
| 1899-00 | 1,13,096 | 1,11,773 | 1,95,307 | 63,308 | 7,961 | 45,427 | 11,207 |
| 1900-01 | 60,150 | 53,018 | 1,33,870 | 61,111 | 8,867 | 47,866 | 35886 |
| 1901-02 (approximate) | 43,150 | 39,767 | 1,02,941 | 38,286 | 8,713 | 31,516 | 39,483 |
| Total | 15,29,102 | 6,38,700 | 7,94,671 | 2,90,937 | 42,569 | 2,20,465 | 1,00,937 |

7. Banks reported to be working well.

(1) Javarekere with 253 members, Capital, Rs. 14,200
(2) Hongenhalli with 69 members, capital, Rs. 15,600
(3) Kaggala with 24 members, capital, Rs. 9,100

8. Government loan

Expected to be prepaid by 59 banks by end of 1914-15. Two banks of coffee planters have not yet been able to commence repayment. They require an additional loan to maintain their estates in good condition.

9. Advantages gained.

1. About 2100 men free from usurious debts.
2. Land improvement by them wherever possible.
3. Co-operation in management.
4. Main ideas about Co-operative village associations explained and exemplified to a large number.
5. A few banks, about six, in a fair way to establish themselves independent of Government aid.

10. Drawbacks -

1. Want of punctuality, due to some extent to bad seasons
2. Small progress in attracting deposits, due as much to the masses being slow to leave their old habits of keeping their savings within their sight, as to the rate of interest allowed being low and members failing to exert in the recognised methods to make their claims to public confidence and support known.

11. Future improvement - Revision of rule & existing orders under contemplation.

(1)

Memo.

The following gentlemen met the First Councillor at Arsikere on the 25th and 26th of September 1902:-

I.- Among the members of the Chikmagalur and Saklespur Agricultural Banks.-

(1) Mr. Virathegauda.
(2) " C. Vasudeva Rao.
(3) " C. Srinivasa Rao.
(4) " Shama Rao.
(5) " Hanumantha Rao.
(6) " Kalappa.
(7) " Subbaiya.
(8) " Devegauda.
(9) " Usman Sahib.
(10) " Henli Budna Sahib.
(11) " Srikantaiya.
(12) " Manjaiya.
(13) " Appajigauda.
(14) " Abdul Rahman of Narve (on the 26th only)

II.- Among non-members.-

(1) Mr. Thammaiya,Planter, Belur.
(2) " M. Ramachendra Rao,Retired Assistant Comr. and Planter (on the 25th only)

who are respectable planters and who attended at the invitation of the First Councillor to give him the benefit of their advice.

III.- Mr. Dalavpi Devaraj Urs, Deputy Commissioner of the Hassan District

(10)

Mr. B.G. Krishnaiengar, Deputy Com-
-missioner of the Kadur District

Mr. B. Ramaswamiengar, Inspector of Agricultural Banks.

2. The First Councillor explain-
-ed briefly the stage at which proceed-
-ings taken on the application of the 2 Banks for a further advance from Govern-
-ment stood and stated that the propo-
sals of the Deputy Commissioners were now before Government and that his ob-
-ject in inviting the members to meet him was to ascertain by a personal dis-
-cussion with them and the Deputy Com-
-missioners the nature and extent of the further help actually required and the conditions under which it should be given.

3. The members present thanked the Councillor for the opportunity af-
-forded them for a personal representa-
-tion of their difficulties to the Government and after freely discussing the situation agreed that the Govern-
-ment may be moved to advance further loans with a view to enable the Banks to maintain the estates which have been mortgaged to the Banks and which are fast deteriorating owing to the inabili-
-ty of the owners to secure funds ne-
-cessary to meet working expenses.

4. The meeting agreed that the following arrangements would conduce to the efficient working

of the estates and supply proper guaran-tees for the recovery of the advances made annually for working expenses and also of the Government assessment, in-terest on the original loan and repay-ment of the loan itself:-

Arrangements.

(1) The Banks shall sometime be-fore the end of February in each year, have an estimate prepared of the sums which may be required by each member for the proper cultivation and upkeep of his estate and the picking, prepara-tion and sale of the crops and present the same with a formal application for loan to the Deputy Commissioner of the District who will forward it to the of-ficer to be appointed to supervise the working of estates (referred to below as the Inspector of Coffee Estates) for scrutiny and report.

(2) The Inspector of Coffee Es-tates will at once proceed to inspect the estates and within a fortnight of the receipt of the Deputy Commissioner's reference, submit his opinion to the Deputy Commissioner on the estimate framed by the Bank.

(3) Out of the funds to be placed at their disposal for the purpose, the Deputy Commissioners of Kadur and Has-san shall have power to sanction the grant of loans to the Banks at Chikma-galur and Saklespur up to a limit of

(12)

Rupees 60,000/- and 50,000/- respective-ly per annum.

(4) Upon receipt of intimation of sanction the Banks shall at a meeting of the General Assembly determine how the loan should be distributed among the different members and forward a copy of such distribution to the Deputy Commissioner for information and communication to the Inspector of Coffee Estates.

(5) For the purpose of such advances the loan sanctioned by the Deputy Commissioner will be drawn by the Banks in monthly instalments commencing from the month of April, and distributed to the members after obtaining from them statements duly signed showing par-ticulars of the appropriation of the sums obtained by them in the previous month. These statements will be transmitted to the Inspector of Coffee Estates by the President of the Bank through the Deputy Commissioner as early as practicable.

(6) The loan so granted by Govern-ment for the cultivation and upkeep of estates will bear interest at six per cent. per annum from the dates of the instalments are drawn.

(7) These advances shall on no account be applied to the opening of new estates or replanting of tracts

(13)

which have gone out of cultivation.

(8) Estimates of crops shall be made at convenient times by the individual members and by the Banks' Inspecting Committee and submitted by the Banks to the Deputy Commissioner who shall forward them to the Inspector of Coffee Estates in sufficient time to enable him to inspect the estates and check the estimates and record his ob--servations.

(9) The members shall bind themselves not to dispose of their crop otherwise than through the Bank and the Inspector of Coffee Estates will see that this condition is duly observed.

(10) The members shall deliver all the produce of their estates to the Bank at its local Office or to their agents on the Coast prepared and packed in the usual manner for transit, and the Banks shall arrange to sell the crops to the best advantage and shall render to each member an account of the realizations of the sale of his crop and the proportionate expense incurred on that account.

(11) The Banks shall at once pay over to the Government Treasury all the sums realized by them by the sale of crops as they are received and proceed to adjust the amount standing to the credit of each member on the principles

/14

mentioned below:-

Firstly, to the payment of the arrears of assessment, if any, due by him, secondly, to the liquidation of the advances made to him by the Bank for working expenses, with interest thereon,

thirdly, to the liquidation of the arrears of interest due on the loans already obtained by him from the Bank, fourthly, to the liquidation of the principal of the said loans as far as it would go.

(12) The above scheme to be brought into effect from the current year, i.e. from 1st October 1902 and loans sanctioned in the proportion of two-thirds of what would be required for a full year, for use from October 1902 to March 1903.

(13) The members shall bind themselves to make the payment of their debts to the Bank the first charge upon the sale of the produce and to refrain from raising loans elsewhere on the security of it.

(14) The Banks shall strengthen the existing securities held by them by obtaining wherever practicable, a mortgage of immoveable properties owned by members and not already mortgaged either in respect of the loans due to them by the members or of the advances hereafter to be made to them from time to

time for the upkeep and cultivation of their estates.

(15) The Banks shall secure for themselves full powers and facilities necessary for entering upon and assuming the management by themselves of the estates of members who either misapply the advances made or do not take sufficient interest in the proper cultivation of their estates.

(16) It will be the duty of the Inspector of Coffee Estates to inspect the estates from time to time in the course of his tours and give the planters the benefit of his experience of manuring, pruning, planting and other operations. He will submit a fortnightly diary to the Deputy Commissioner in which in addition to other matters of interest connected with the condition of the estates he will bring to the notice of the Deputy Commissioner any irregularities which he may observe, such as the number of coolies on roll not being actually employed, and misapplication of funds in other ways, and the members shall afford facilities to the Inspector for the satisfactory discharge of such duties.

(17) The Banks shall maintain regularly and correctly such registers, accounts, documents, vouchers, &c. as may be prescribed by Government and furnish to the Government through the

Deputy Commissioner statistics and reports in such forms as may be prescribed regarding their working and condition.

(18) The Banks shall not modify any of the existing rules without Govt. sanction.

(19) The Bank shall give due consideration to any proposal which the Government may make upon the report of the Deputy Commissioner for the modifi--cation of any existing rule.

(20) On the discovery of bad faith or of unwillingness or failure to take the necessary steps for the cultivation and upkeep of the estates and for repayment of the loans granted by Govern--ment on the part of the Banks, the Govern--ment will be at liberty to proceed to recover the loans and the arrears of interest due to them in the manner laid down in Section 74 of the Articles of Association.

4. In regard to the Saklespur Agricultural Bank the following additional proposals were urged:-

(1) that in consideration of the members having been unable to repay in full the loans raised by them elsewhere for the upkeep of their estates last year and of some of them being further in arrear in regard to the Government assessment, the Government

may be pleased to recover from the pro-
-ceeds of this Year's crop only the ar-
-rears of assessment and the working expenses to be advanced this year with interest thereon, and leave the balance with the Bank as a special case for this year to be loaned to members to enable them to discharge such loans as may be shown to the satisfaction of the General Assembly to have been incurred for the working expenses of last year but not discharged owing to the insuf-
ficiency of the last year's produce,

(2) that the Bank be allowed to permit its members to convert the exis-
ting loans of the second and third classes to the first class on the sure-
-ties assenting to join as such in the execution of deeds for the augmented first class loans,

(3) that the Bank be allowed to raise the limit of the loan grantable to a member under the first class from Rs.60,000/- to Rs.75,000/- and of the total limit of all loans grantable to a member under Section 42 of the Articles of Association from Rs.75,000/- to Rs. 85,000/-.

These proposals are worthy of consideration and may be sanctioned.

5. The members present stated that on intimation of the approval of Government to the above proposals, their respective Banks would convene an extra

ordinary meeting of the General Assem-
-bly and pass special resolutions in
continuation of their articles of Asso-
ciation so as to give effect to the
said proposals under such orders as the
Government might pass, and that the
Banks would further execute the neces-
-sary agreements in favor of Government

(6) The Deputy Commissioners of Hassan and Kadur, the Inspector of Agri-cultural Banks and Messrs. Thammaiya and Ramachendra Rao watched the discus-sion and aided it with their sugges-tions. They were of opinion that help in the direction and to the extent indicated in the proposals was really needed in the present circumstances of the members of both the Banks, and in the existing conditions of the industry and that the help might be granted sub-ject to the conditions set forth above.

(7) The members having in conclusion prayed that the Government may be moved to pass early orders for the granting of advances for the current year, the Councillor assured them that he would not lose any time in laying the subject before the Government of His Highness and representing the necessity for early orders.

M Ramachandra Rao

Arsikere,

26th September 1902.

1.1

7568

These papers will be
sent to the II ? Committee
for the further consideration
& intended - I think
the arrangements are on
the whole fair and in
the present situation fair
regarding the disposal of
coffee estates I shall send
another note for the con-
sideration of Committee

Myore 3 X 02

bns

mw 60
Adl 3.10.02.

These papers are on
my objection, but I consider
the advances already
made to the Kodagu Planters
Association of Coffee Growers
deserve special treatment
& carry the Coffee expectations
& reasons. I am glad
help as that Season -
recommended. Seems desirable
as much in the interests
of the Members of the
Planting as in those of
the Government - the Concessions
of the Measure will be confined
locally to the Districts
the are intended benefit in
the first instance

I am Honble Sir Your obedient Servant
for Yours &c
[illegible]

Jan 9 08.

GOVERNMENT OF MYSORE

New proposals involve payment of additional advances at once to the Kolar Ottaran Sects to the extent of $110 \times 2 \div 3 = \frac{220}{3} = 73\frac{1}{3}$ Banks in or in round numbers about 75000 ~~Rs~~. The Comptroller will be asked whether this additional expenditure can be borne by the finance of the State during the year 1902-3. For advances of Takavi, Land Improvement, and well irrigation a sum of ~~Rs~~ 37,000 is required — The Comptroller is requested to favour us forthwith with his views as early as possible.

4. X. 02

Send a Col letter to the Comptroller confidentially

Sent. Ltr 4. 10. 02

7776

I have since had a talk with the Comptroller. He expects some deposits in the Savings Bank from those who received the Railway Debenture Loan was repaid and thinks that if this money can be utilized probably the requirement may be met. This question is the first to be considered — the Estimate of resources must be framed.

Those obtain the latest memo: of associations of which Chandler Bailey — A is responsible what alterations are required.

A nominal list of members, No of borrowers — & the exact amount of the debt — and then present property with particulars of grievances as should be put up with their tenders.

It is best that the Asst Clerk Inspector will also be ready to give any other information which may be wanted

Place this at the next meeting of the Council.

16.X.02

W. Wild.

Hy
16/10

(2-6)

Comptroller's office
Camp. Mysore
Dated - 4th October 02

My dear Sir

Yours of 4th Inst. enclosing an extract from the Dewan's note of the same date, in regard to certain advances to Agricultural Banks and Loans for Improvements, Irrigation Wells etc.

Please see my Resource Estimate for 1902-03. No provision has been made therein for any expenditure under Loans to Agricultural Banks, for Irrigation Wells etc. On the other hand an income of Rs 98.000/- has been estimated under the major head Loans and Advances"

Though, after the submission of my estimate the Electric Power Transmission Contract Account with Messrs Lontin & Co, has been ordered to be closed & I estimate on that account a net income of 3 lacs instead of an outgoing of 2,73,000/- and the closing Balance of the year at 70 lacs instead of 66,22,000/- originally estimated this increased closing balance will still be 5 lacs short of the minimum working balance required for ordinary re-

Source

Whereas this reference alone was submitted with the statement received today from the Comptr with his DO of 20.10.02 & 20/10/02

To the Dewan.

Resource purposes and can be reached only by the sale of 18 lacs of Government paper of which 9 lacs have already been sold.

I would therefore recommend the postponement of the proposed grants to the next year unless they are very urgently required during the current year.

Yours Sincerely

C Rangacharya

To,

M. Shama Rao Esq. M. A.
Asst. Secretary with the Dewan
Mysore.

(22) Regent

2 drafts

Accounts

30

18/10/02

The Estimate of
Receipts for 1902.3
together with information
as to what deposits in
the Savings Bank have
been received up to date
from those to whom
the Railway Debentures
have been issued, in
regard to moneys received by
them on account of the Company
with the Mgt: thereto
at the Various Agencies.

I shall feel obliged
by your sending me
at your early date
a copy of the Estimate
with the information
required.

I am,
Yours truly
[illegible]

17/10/02

To
E. P. Lakeland Esq.
Inspector

Office of the Comptroller of Mysore

Bangalore 20. X. 02

20/10/1902
R 20/10/02

Dear Sir

In answer to your D.O. of the 17 instant I enclose a copy of the Resource Estimate for the year 1902. 1903 and to state that deposits to the extent of Rs: 67,500/ have been made in the Govt Savings' Bank by holders of Mysore Railway Loan Debentures surrendered for discharge under Govt Notfn No 150 dated 16 July 02 It is observed that a withdrawal of Rs 64,000 will be made by the Administrator General of Works

On behalf of deceased Lingu
naika Mudhar the question
will be shortly submitted
to Government in order to
orders being passed on
some legal points.

Sum Pons. Mudaliy.

G Thompson

N.V. Kanjimudiyanja Say: M A M L.
Keay to the Govt. Inspector
of Pol. Depots

7048
RD 5.41.07

**OFFICE OF THE DEWAN OF MYSORE.**

**Record of Cases Coming before the Council of H. H. the Maharaja.**

*Subject*—*(Clause (xi) of Schedule.)*

Application for further help from Government for the successful working of the Agricultural Banks at Chikmagalur and Saklespur, which have proved most disappointing on account of adverse seasons, depression of coffee industry, &c,.

*Secretary's Note.*

Saklesapur Agricultural Bank.

A loan of Rs.4,00,000 repayable with interest at 4% per annum was sanctioned to this Agricultural Bank. Vide Government Order No.436-7/R.F.100-96 dated 17th March 1897 (serial No.4 in the file). The Bank still owes to Government Rs.3,80,440-11-10 due towards principal at the end of June 1902.

The total interest recovered from the formation of the Bank up to the end of June 1902 was ~~is~~ Rs.53,484-7-7. The interest still due to Govern-ment is Rs.22,263-14-5.

Chikmagalur Agricultural Bank.

A loan of Rs.4,00,000 repayable with interest at 4% per annum was sanctioned to this Bank. (Vide Government Orders Nos.6916-19/R.F.~~500~~ 117-95 dated 1st February 1897 and 912-15 (*) R.F.117-95 dated 30th July 1898.)

Deducting the repayments made from time to time the Bank still owes to Government Rs.2,81,539/- due towards principal at the end of June 1902.

The total interest recovered from the formation of the Bank up to the end of June 1902 was ~~is~~ Rs.39,097-3-9. The interest still due to Govern-ment is Rs.14,835-6-4.

(*) Serial No. 11.
serial No. 16

The Deputy Commissioner of Kadur sent up certain proposals for making certain further advances to the Bank at Chikmagalur and for further management of the affairs connected with these banks in such a manner as to enable the member to pay up their dues gradually. The Deputy Commissioner of Hassan also sent up a similar proposal.

⊗ Sl. No. 12 of R. File No. 117-95.

⊗ Sl. No. 17 of R. No. 100-96.

The First Councillor went to Arsikere and had a conference with the Deputy Commissioners of Hassan and Kadur and with the persons connected with these banks. He has embodied his proposals in a note drawn up for the consideration of Government.

The affairs of these Banks have been greatly disappointing and an extract from my Dussera address is filed which will give, at a glance, a fair and full account of their present condition - The situation is that for want of working capital the estates concerned and on the security of which loans were made, are deteriorating in value and it is of vital importance to prevent their further decay The measures now proposed are to advance such an amount of money every year as will be required for the annual maintenance and upkeep of the Estates. It is also proposed

that expert advice and inspection should be secured.

Among several applicants for this duty Mr. Pilkington has been chosen. A monthly fee or salary or Rs.500 is considered a reasonable remuneration and he may be employed for two years.. He has also applied for it and is willing to accept the employment. The sanction of the Government of India will have to be obtained.. And when the matter was informally mentioned to the Hon'ble the Resident he had no objection The Coffee Inspector will of coutse be paid by the Bank..

Signed. P.N.K.

6-II-08-

The draft is submitted for approval especially with reference to the date from which the proposal has to come into effect.

Signed. H.V.N.

I5-II-08.

The Dewan.,

which proposal- at once -as soon as the Government of India sanction is obtained. Signed. P.N.K.I7-II-08.

R. 50/62
No 100/-1902

From

H. Devanaj Urs Esquire
Deputy Commissioner
Hassan District

To

H. V. Nanjundaya Esq. M.A. Mysore
Secretary to the Govt of Mysore
Genl and Rev. Depts
Bangalore.

Dated 14th June 1902.

Despatched 22nd June 1902.

Received

General No. 618
No. 5.

Enclosure No. 12

(17)

Subject—

Submitting report on the condition of the Agricultural Bank at Sakleshpur and recommending the grant of an additional loan of a lakh of rupees for reasons given.

Co Bank 18 of 96 S. No. 9.

Submitted for orders. Please see Letter No 1977-702 put up.

Submitted for orders. Please see, Letter also Inspection 7/7. also correspondence made in letter to 1977-702 put up.

4/7/02. Call for the previous Memo V Inspn by Mr R. Queen

3/7/02

Read & note

3/7.

Put up

24.6.02 The Government file & ack

14/6

3/7.

(26)

No 618
5.

Enc. 12

Deputy Commissioner's office
Hassan District
Dated, Hassan, 14th 22nd June 1902

From D. Devaraj Urs Esquire
Deputy Commissioner
Hassan District

To
H. V. Nanjundayya Esquire
M.A. M.L.
Secretary to the Govt of
Mysore, Genl and Rev
Dept, Bangalore

Sir,

With reference to para 20 of inspection report submitted separately this day regarding the condition of the Agricultural Bank at Sakleshpur, I have the honor to state as follows

2. — It was only in their order of the 2nd August 1900 that Government left the work of supervision and control of this Bank to the Deputy Commissioner. On receipt of —

of the Same, I requested Mr R. R. W. Wetherall the Local Sub Inspector Officer to inspect the estates and make a report: Prior to this Mr. Ramaswami Iyengar Inspector of Agricultural Banks, had forwarded his memo of inspection of this Bank dated 9th July 1909 to me, and I had thereupon requested Mr. Wetherall to favor me with his opinion after inspection, in regard to the suggestions of the Inspector contained in the concluding portion of his report.

Ltr. Expressing with this Same received

3. — Mr Wetherall's report was received by me in January 1910 but it was not till June, I was able to inspect the Bank and the estates myself as I considered it desirable to do so

4. — The sudden break of the Monsoon somewhat earlier than

that

that year prevented me from inspecting all the estates but from what I was able to do and careful enquiries made at the spot, I beg to submit my proposals in the matter.

5 — Mr Ramaswamy Iyengar has in his elaborate report above referred to, in sketched out the varying conditions of the institution till 1900-1901, and it is therefore unnecessary for me to recapitulate the same here. It may however be taken as admitted that unseasonable rains combined with the falling off in the prices of coffee for some time past have materially told upon the resources of the Bank, and the members who had been regularly paying at least their interest on the loans have fallen into arrears for the past one year, the arrears of interest amounting to so much as Rs 25,440 up to 31st December 1901

-1904. It is obvious that the result of the lack of resources is far reaching & materially affects the conditions of the estates mortgaged to the Bank. It is known that Coffee estates unlike others require almost continuous attention, and whether the rains and prospects of the prices have been favourable or otherwise, the estates themselves should be kept in a state of efficient cultivation.

6. — I may here state that out of the loan of 4 lakhs of rupees so kindly sanctioned by Government no less than Rs 2,90 8 50 went towards the liquidation of the old debts and only a sum of Rs 106365, remained for the working expenses of the estates. Thus the primary object of the loan has been to relieve the Members from their indebtedness at the time and as the ruling market rate of Coffee

was

was good, no adequate provisions seem to have been made for the working expenses of the estates in good and bad years alike under a proper and effective supervision. It would have been desirable, I submit, if some rules had been framed in the matter of a closer supervision of the working of the estates; I mean in regard to seeing whether at least such amount that remained was duly and according to necessity, spent upon the estates. At present the members ~~~ ~~ are left to themselves to inspect the estates some another, and however much we suppose them to work for the well being of the Bank as a whole and the improvement of their own property yet it is natural that one yields more readily to urgent extraneous pressures than to a matter of prospective interest

interest though concerning one's own property.

7. — I am not inclined to place much reliance upon the figures furnished in regard to the expenses incurred by the members towards the working of the estates out of the amounts borrowed, as I understand that very few of them if at all have maintained correct accounts. I believe practically very little was spent upon the estates a bulk having gone, each time the amount was drawn, towards other private debts and household expenses of the members, which generally do not find a place in the accounts. The result is that all the estates have generally deteriorated in condition and unable to cope with the unseasonable showers and the decrease in the

Market

Market price of coffee for sometime
past have driven the members to
great straits. It may also be stated
that the members were not wise in
having increased the area of culti-
vation which also contributed
to increase their financial diffi-
culties. All the proceedings of the
Bank are now chiefly concerned
with the requisition for further help
with a lakh of rupees to enable them
to attend to the annual working of
the estates, as otherwise the estates
are likely to deteriorate further
thereby diminishing the Bank's secu-
rity. For the purpose of this further
loan, the members are willing
to hypothecate their other properties
(lands and buildings) recently
estimated by Mr. Wetherall at
Rs 1,05,570 - 11 - 0. If this is granted
they say that they would apply the
amount towards the necessary
working

working of their estates and leave the work of the supervision and disposal of the outturn to the Government. It is represented also that the members cannot get loan elsewhere as nearly all their properties already stand hypothecated to the Bank.

This is a recurring charge how could it be possible for Govt to support the planters?

8. —— While recommending under the above circumstances the prayer of the Bank for early favorable consideration of Government, I venture to state that I generally agree with the suggestions of Mr. Ramaswamy Iyengar contained in the concluding part of his report above referred to. I agree with him in thinking that it is necessary to make provision for the acceptance by the Bank of jewels, Government Promote notes &c as security. The question of taking a-

a Nammember as Surety for a
Member with the additional Secu-
rity which it affords instead of rely-
ing merely on the Security of property
of a fellow Member already
heavily encumbered, also deserves
the Consideration of Government
and if approved the Bank may be
asked to formulate its proposals.

Q. — Going a little into details
my exact proposal is this Granting
that the loan is Sanctioned by
Government, the amount required
for the Current working of the Estates
should be paid to members at dif-
ferent times and according to
real necessity which must be
approved by an authority after
Careful inspection of the estates.
For this purpose I would propose
the appointment of An Inspector
(to be styled Coffee Inspector) on
Rs 100/- plus a horse allowance

of

of Rs 15/- a month who must-
possess considerable experience
in this department of Industry
The cost of this item must be borne
by the Bank itself. Prior to the
allotment of the amount to different
members, it will be his business
to carefully inspect the estates in
company with a chosen body of
members and to decide that such
and such estates require so much
amount for the then urgent expen-
ses and so on. As this decision
will be generally arrived at in
the presence of a chosen delegate
of the Bank no difficulty can
arise. According to his decision
which will thus have the approval
of the Bank, the Bank may put in
an application to the Deputy
Commissioner through the Sub-

Duncan

Duncan Officer who will forward the same with his remarks. The amount required will be sent to the Bank through the Sub Duncan Officer whereupon the applicants will be paid according to the decision previously arrived at. The applicants will then utilize the money for the current working expenses of the Estates, the proper application of which being carefully scrutinized by the Inspector. The Inspector will have to check the rolls of Coolies employed and sign the same in token of correction, a copy or abstract of which being lodged in the Bank. In this manner, the amounts may be drawn from the sanctioned fund left at the disposal of the Deputy Commissioner, as occasion demands, and after the Crop is harvested, the same may be deposited

deposited in the respective Estates under the Seal of the Inspector and two more Members. The produce may be sold by the members concerned at the best rate possible, and out of the sale proceeds, which must be remitted to the Deputy Commissioner through the Sub Division officer, the interest due by the Bank has first to be paid as also the reasonable household expenses of the Members, the amount of which being determined by the Bank, having regard to the real necessities of each member - This charge will be debited to the Bank as a whole, each Member being liable as amongst themselves only to the amount received by him. Some fixed portion of the balance must be set apart by the Resolution of the Bank for the subsequent years necessary working Expenses of the

Estates

Estates and the balance, if any, may go towards the original loan. In this connection I beg to state that the allotment of a fixed sum out of the Proceeds Varying according to individual requirements is quite necessary as some members are entirely depending upon the estates for their maintenance; I may also state here as my opinion that it is not worth while spending money upon the neglected portions of the old and worn out estates. What are the portions to be left out may be decided upon by a careful and systematic local inspection

10. — In conclusion, I beg to add that I am not for recalling the loans granted, under coercive process, as I am hopeful that by proper cultivation of the estates under efficient and continual close supervision, better days may again dawn upon the Coffee Planters

Planters and the recovery of the loan granted may be found easy.

11. —— With regard to the Bank proposals for the conversion of the existing 2nd, 3rd, and 4th class loans to one of the 1st class, I beg to state as pointed out by Mr. Ramaswamy Iyengar, that because the members find themselves unable to repay their loans of the 2nd, 3rd and 4th classes within the prescribed time, they ask for such a change. But this will undoubtedly have the effect of weakening the landed security far too much. As suggested by Mr Ramaswamy Iyengar, if societies agree to continue their liabilities by passing in the execution of deeds under clause I of section 49 of the articles of association, the

Change

Change may be allowed

12. —— Should the Government be not pleased to sanction a further loan of a lakh of rupees even under the limitations suggested above, I beg that they may be pleased to advance money for the working expenses of the estates upon crops, after duly estimating the same, of course under proper supervision as detailed above. Should this too not commend itself to Government, I would suggest another alternative, namely, that Government would be kindly pleased to put off demanding interest upon the loans granted till the situation becomes favorable and the repayment to commence after a period of 25 years.

13. — I have ventured to suggest the above in view of the painful condition of the members from whom it would be now difficult to

to

to recover the amount, without subjecting them to considerable hardships

14. — Some definite early orders in the matter are required, as otherwise some of the estates are getting deteriorated week after week.

15. —. I regret the delay that has transpired in the submission of this report, but it may be seen that the question is a difficult one demanding my very careful consideration.

16. — The report received from Mr Wetherall, Sub Divisional Officer on this matter together with its enclosures in original (with the exception of the printed Memo of the Inspector of Agricultural Banks).

Why returned

ii

is also herewith submitted for-
kind reference-

I have the honor to be
Sir,
Your most obedient Servant-

D Devanandan
Deputy Commissioner
Hassan District-

2/14

Draft for official

To

The Registrar
Madras

Sl. No 11

D/ 3/7/02
No R 71

R. 1109-96

Sir I am directed to refer to your letter No 6 & 8 dt 14th June 1902 relating to the report on the condition of the Agl. Bank at Cocklanpur and to recommend the grant of an additional loan of Rs 1 lakh of rupees for the purpose specified.

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In this connection I am to say that the Registrar will be glad to know whether the Bank is working satisfactorily and also to receive a copy of the Ramaswamayya's printed report and balance sheet for the year ending 30th June last.

I am also to request that you will be good enough to forward a copy of the Inspection report referred to in para 2 of the 2nd & 6th of the above

R
19-7-02

Sl. 14

Rec'd No. R 268
JUL. 19 1905
No 19-7-02
DEWAN'S OFFICE

1902-903

From D. Devaraj Urs Esqre
Deputy-Commissioner
Hassan District

To L. Anantasami Rao Esqre B.A.
Officiating Secretary to the
Government of Mysore
Genl and Rev. Dept.

Dated
Despatched 16th / 17th July 1902
Received

General No. 49 -
No. 5.

Enclosure No. /

With reference to his
no R 71 / R 2100-96 dated 3rd
instant, requesting that
Mr Ramaswamy Iyengars
printed Memo of inspection
of Agricultural Bank at
Saklespur may be sent,
has the honor to forward
the same herewith

D Devaraj
Deputy-Commissioner
Hassan District

Annual draft in R.F. 117-95.

*Proceedings of the Government of His Highness the Maharaja of Mysore.*

READ—

1. Demi-Official letter dated 4th July 1902 from the Deputy Commissioner, Kadur District, recommending an additional grant to the Chikmagalur Agricultural Bank for working expenses and the appointment of a Government Inspector.

2. Letter No. 618, dated 14th June 1902, from the Deputy Commissioner, Hassan District, submitting a report on the condition of the Agricultural Bank at Saklespur and recommending the grant of an additional loan of a lakh of rupees.

No. R. 2407-10—R. F. 100-96, DATED BANGALORE, 28TH NOVEMBER 1902. Sd. M°

ORDER THEREON.—The Agricultural Banks of Chikmagalur and Saklespur have become greatly involved in difficulties, and, for want of working capital, the estates, on the security of which loans were made, are deteriorating in value. The members of these two Banks were authorised to procure loans on the security of standing crops for the annual up-keep, but this arangement is stated not to have worked successfully, as the loans that could, in the present circumstances, be thus procured were inadequate in the case of some of the estates to maintain them in good condition and as the members were generally not able to procure the loans when most needed. To prevent further deterioration of these estates, the preservation of which in a proper state is essential for the solvacy of these Banks, the only possible remedial measure is to advance to these two Banks, for a few years, such sums of money as are necessary for their up-keep and as could be got back from the crop year after year. For this purpose, an annal grant of Rs. 60,000 for the Kadur District and Rs. 50,000 for the Hassan District will be made.

2. It is considered necessary that expert advice and inspection in regard to these two Banks should be secured. Accordingly, Government have decided to appoint an officer to be called the Inspector of Coffee Estates on a monthly salary of Rs. 500 to be paid out of funds of both these Banks.

3. With a view to secure the efficient working of the estates and to afford proper guarantee for the recovery of the advances made annually for working expenses and of the other dues to Government on account of assessment, interest on the original loan and repayment of the *loan* itself, the arrangements set forth in the accompanying memorandum are sanctioned as a tentative measure.

4. These two Banks should convene an extraordinary meeting of the General Assembly and pass special resolutions in continuation of their Articles of Association so as to give effect to the arrangements refered to, and the Banks should further execute the necessary agreements in favor of Government.

H. V. NANJUNDAYYA,
*Secy. to Govt., Gen. & Rev. Depts.*

To—The Deputy Commissioner, Kadur District
The Deputy Commissioner, Hassan District.
The Comptroller, Mysore Government.
The Inspector of Agricultural Banks in Mysore.

ARRANGEMENTS.

1. The Banks shall, some time before the end of February in each year, have an estimate prepared of the sums which may be required by each member for the proper cultivation and up-keep of his estate and the picking, preparation and sale of the crops and present the same with a formal application for loan to the Deputy Commissioner of the District, who will forward it to the Inspector of Coffee Estates for scrutiny and report.

2. The Inspector of Coffee Estates will at once proceed to inspect the estates and, within a fortnight of the receipt of the Deputy Commissioner's reference, submit his opinion to the Deputy Commissioner on the estimate framed by the Bank.

3. Out of the funds to be placed at their disposal for the purpose, the Deputy Commissioners of Kadur and Hassan shal have power to sanction the grant of loans to the Banks at Chikmagalur and Saklespur up to a limit of Rs. 60,000 and Rs. 50,000 respectively per annum.

4. Upon receipt of intimation of sanction, the Banks shall, at a meeting of the General Assembly, determine how the loan should be distributed among the different members and forward a copy of such distribution to the Deputy Commissioner for information and communication to the Inspector of Coffee Estates.

5. For the purpose of such advances, the loan sanctioned by the Deputy Commissioner will be drawn by the Banks in monthly instalments commencing from the month of April, and distributed to the members after obtaining from them statements duly signed, showing particulas of the *appropriation* of the sums obtained by them in the previous month. Thee statements will be transmitted to the Inspector of Coffee Estates by the Presidnt of the Bank through the Deputy Commissioner as early as practicable.

6. The loan so granted by Goverment for the cultivation and up-keep of estates will bear interest at 6 per cent pr annum from the dates the instalments are drawn.

7. These advances shall on no accant be applied to the opening of new estates or replanting of tracts which have goe out of cultivation.

8. Estimates of crops shall be mae at convenient times by the individual members and by the Banks' Inspecting Committee and submitted by the Banks to the Deputy Commissioner, who shall forwrd them to the Inspector of Coffee Estates in sufficient time to enable him to inspectthe estates and check the estimates and record his observations.

9. The members shall bind themselvs not to dispose of their crop otherwise than through the Bank, and the Inspecto of Coffee Estates will see that this condition is duly observed.

10. The members shall deliver all he produce of their estates to the Bank at its local office or to their agents on the Coast, prepared and packed in the usual manner for transit, and the Banks shall arange to sell the crops to the best advantage and shall render to each member araccount of the realizations of the sale of his crop and the proportionate expense inurred on that account.

11. The Banks shall at once pay over to the Government Treasury all the sums realized by them by the sale of crps as they are received and proceed to adjust the amount standing to the credit of each member on the principles mentioned below :—

Firstly, to the payment of arrearsof assessment, if any, due by him.

Secondly, to the liquidation of th advances made to him by the Bank for working expenses, with interst thereon.

Thirdly, to the liquidation of thearrears of interest due on the loans already obtained by him from the Bank.

Fourthly, to the liquidation of he principal of the said loans as far as it would go.

12. The above scheme to be brought into effect from the year 1902-03 and loans sanctioned in the proportion of two-thirds of what would be required for a full year for use from December 1902 to March 1903.

13. The members shall bind themsdves to make the payment of their debts to the Bank the first chargo upon the sale of the produce and to refrain from raising loans elsewhere on the security of it.

14. The Banks shall strengthen the existing securities held by them by obtaining, wherever practicable, a mortgage of immovable properties owned by members and not already mortgaged either in respect of the loans due to them by the members or of the advances hereafter to be made to them, from time to time, for the upkeep and cultivation of their estates.

15. The Banks shall secure for themselves full powers and facilities necessary for entering upon and assuming the management by themselves of the estates of members who either misapply the advances made or do not take sufficient interest in the proper cultivation of their estates.

16. It will be the duty of the Inspector of Coffee Estates to inspect the estates from time to time in the course of his tours and give the planters the benefit of his experience of manuring, pruning, planting and other operations. He will submit a fortnightly diary to the Deputy Commissioner in which, in addition to other matters of interest connected with the condition of the estates, he will bring to the notice of the Deputy Commissioner any irregularities which he may observe, such as the number of coolies on roll not being actually employed, and misapplication of funds in other ways, and the members shall afford facilities to the Inspector for the satisfactory discharge of such duties.

17. The Banks shall maintain regularly and correctly such registers, accounts, documents, vouchers etc., as may be prescribed by Government and furnish to the Government through the Deputy Commissioner statistics and reports in such forms as may be prescribed regarding their working and condition.

18. The Banks shall not modify any of the existing rules without Government sanction.

19. The Banks shall give due consideration to any proposal which the Government may make upon the report of the Deputy Commissioner for the modification of any existing rule.

20. On the discovery of bad faith or unwillingness or failure to take the necessary steps for the cultivation and up-keep of the estates and for repayment of the loans granted by Government on the part of the Banks, the Government will be at liberty to proceed to recover the loans and the arrears of interest due to them in the manner laid down in Section 74 of the Articles of Association.

With regard to the Saklespur Agricultural Bank the following additional arrangements are sanctioned:—

1. That in consideration of the members having been unable to repay in full the loans raised by them elsewhere for the upkeep of their estates last year and of some of them being further in arrear in regard to the Government assessment, the Government are pleased to recover from the proceeds of this year's crop only the arrears of assessment and the working expenses to be advanced this year with interest thereon and leave the balance with the Bank, as a special case for this year, to be loaned to members to enable them to discharge such loans as may be shown to the satisfaction of the General Assemby to have been incurred for the working expenses of last year but not discharged owing to insufficiency of the last year's produce.

2. That the Bank be allowed to permit its members to convert the existing loans of the second and third classes to the first class on the sureties assenting to join as such in the execution of deeds for the augmented first class loans.

3. That the Bank be allowed to raise the limit of the loan grantable to a member under the first class from Rs. 60,000 to Rs. 75,000, and of the total limit of all loans grantable to a member under Section 42 of the Articles of Association from Rs. 75,000 to Rs. 85,000.

# 1902-03

# GOVERNMENT OF MYSORE

## REVENUE

## PROCEEDINGS

*Dated 28th November 1902*

No. R. 2407-10
K. F. 100-9(

Sanctioning an advance of Rs. 60,000 and Rs. 50,000 for the up-keep of the Chikmagalur and Saklespur Agricultural Banks respectively, the appointment of an Officer called the Inspector of Coffee Estates to secure expert advice and inspection, and certain arrangements set forth, as a tentative measure, to secure the efficient working of the estates.

SBP—15-12-02—200